

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0025P

Use Tax

Calendar Years 1996, 1997, and 1998

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer specializes in the manufacture of wheel hubs and brake drums and was audited for compliance in 1999. Taxpayer was assessed a negligence penalty for failure to remit use tax on taxable purchases. Taxpayer has one location of three buildings in Indiana and a small machine shop in Tennessee.

Upon audit, it was discovered that the Taxpayer failed to self-assess and remit use taxes on clearly taxable items and had no use tax accrual system in place.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that no use tax accrual system was in place although the taxpayer was registered with the Department.

Taxpayer requests the department waive its negligence penalty because the failure to pay the proper amount of tax was not willful neglect and it has always filed quarterly sales and use tax payments on a

timely basis for the amounts it thought was due. In addition it has made corrections in its internal control system.

Taxpayer made no attempt to self assess use tax on taxable purchases although it is registered with the State. In addition, the ST103 has a line on which to report the use tax due. Taxpayer should have been aware of use tax regulations.

FINDING

Taxpayer's protest is denied.